

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE  
COMMODITY CREDIT CORPORATION, 1939

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COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE COM-  
MODITY CREDIT CORPORATION FOR THE FISCAL YEAR 1939,  
AMOUNTING TO \$1,500,000

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JANUARY 26, 1939.—Referred to the Committee on Appropriations and ordered  
to be printed

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THE WHITE HOUSE,  
Washington, January 26, 1939.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration  
of Congress a supplemental estimate of appropriation for the Com-  
modity Credit Corporation for the fiscal year 1939, amounting to  
\$1,500,000.

The details of this estimate, the necessity therefor, and the reason  
for its submission at this time are set forth in the letter of the Acting  
Director of the Bureau of the Budget, transmitted herewith, with  
whose comments and observations thereon I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

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BUREAU OF THE BUDGET,  
Washington, January 24, 1939.

THE PRESIDENT,  
*The White House.*

SIR: I have the honor to submit herewith for your consideration a  
supplemental estimate of appropriation for the Commodity Credit

Corporation for the fiscal year 1939 in the amount of \$1,500,000, as follows:

COMMODITY CREDIT CORPORATION

Commodity Credit Corporation: The limitation of \$520,288 for administrative expenses of the Commodity Credit Corporation for the fiscal year 1939 contained in the Independent Offices Appropriation Act, 1939, which was increased to \$700,000 in the Second Deficiency Appropriation Act, 1938, is hereby further increased to \$2,200,000.

Since the approval of the increase to \$700,000 for administrative expenses, certain contingencies have arisen that were not contemplated at that time, necessitating a further increase of \$1,500,000, as follows:

The Commodity Credit Corporation avails itself of the services of the field offices and agencies of the Reconstruction Finance Corporation in making, servicing, and collecting its loans to farmers. In previous fiscal years, the funds for such loans were borrowed from the Reconstruction Finance Corporation and the greater part of such field expense was included in the interest charge for the funds so borrowed. Being thus classified as interest, such reimbursement was handled as nonadministrative expense. Since May 2, 1938, the Commodity Credit Corporation has financed its operations through the issuance of its own obligations at greatly reduced interest cost. It results, however, in items of field expense incurred by Reconstruction Finance Corporation now being reimbursed directly by Commodity Credit Corporation as definite administrative expense items, and therefore subject to an appropriation by Congress. There is actually no increased cost to the Government, but merely a change in the classification of these items of expenditure, estimated to amount to \$1,265,000.

Spot checks made at each warehouse have indicated that in some instances cotton has not been properly classified. It is estimated that it will be necessary to sample and class 500,000 bales of cotton at a cost of \$150,000.

In addition, the need of special moisture-testing equipment in connection with the new corn loan, special investigations to protect the Corporation and the farmers from irregularities disclosed in connection with cotton loans, and a decision of the Acting Comptroller General that salaries and travel expenses of cotton classification supervisors are administrative expenses and not nonadministrative expenses as heretofore considered by the Commodity Credit Corporation, have resulted in increased administrative expense to the Corporation, in a net amount of approximately \$85,000.

The supplemental estimate of appropriation submitted herewith is required to meet a contingency which has arisen since the transmission of the Budget for the fiscal year 1939, and its approval is recommended.

Very respectfully,

D. W. BELL,  
*Acting Director of the Bureau of the Budget.*

